



STATE OF MARYLAND
EXECUTIVE DEPARTMENT
ANNAPOLIS, MARYLAND 21404

November 26, 1984

Dear Marylander:

Governor Hughes requested that we review existing state programs and projects related to international trade to determine their adequacy and recommend those steps necessary to make Maryland a leader in this area. Increased international trade translates into more jobs, greater wealth and improved quality of life.

The following document describes the initiatives which we believe should be taken by the Departments of Economic and Community Development, Transportation and Agriculture in order to significantly expand our international trade effort. This document is designed to serve as a basis for discussion in the final formulation of Governor Hughes' international trade program to be presented to the 1985 session of the Maryland General Assembly. The Governor's program will require General Assembly enactment of legislation and approval of the Governor's budget to implement the program. It will also require increased coordination among our respective departments.

We ask for your timely review of and comment on the following proposal. Your input, along with that of the Governor's World Trade Efforts Commission, will greatly assist the Governor in making the final formulation of his international trade program.

Thank you for your interest and cooperation.

Sincerely,

Frank J. De Francis, Secretary
Department of Economic and
Community Development

William Helmann, Secretary
Department of Transportation

Wayne A. Cawley, Secretary
Department of Agriculture

TABLE OF CONTENTS

	<u>Page</u>
Introduction	i - iii
Part I: Coordinating Mechanisms	1
State Trade Policy Council	1
Coordinating Group	2
Part II: Office of International Trade	3
Export Operation	3
Barter/Counter Trade	5
Joint Venture	5
Sister-State Relationships	6
Regional Promotion and Tourism	6
Overseas Offices	7
Part III: Expansion of Existing Programs	8
Export Financing (MIDFA)	8
Maryland Department of Agriculture	10
Market Development and Product Promotion	10
Automation of Resource and Information Systems	12
Part IV: Strengthening of Support Facilities and Operations	13
MDOT/SAA - BWI	13
MDOT/MPA - Port Infrastructure	14
MDOT/MPA - Promotion and Marketing	16
MDOT/MPA - Port Cargo Release System	18
MDOT/MPA - Terminal Operations Study	19

INTRODUCTION

"The time has arrived for a total state commitment to international trade. Toward that end, I will present to the citizens of Maryland, and make as part of my 1985 legislative package for consideration by the General Assembly, a comprehensive state trade program."

Governor Harry Hughes
Address to the Baltimore
Council on Foreign Affairs
May 16, 1984

The importance of international trade to Maryland has been obvious since colonial days when the first hogshhead of Southern Maryland tobacco was sold in Europe.

Maryland is blessed with a diversity of resources to conduct international trade. The Port of Baltimore, three major commercial airports, diverse manufacturing and agricultural bases and proximity to Washington, D.C., all combine to create a comprehensive universe for international trade activity in Maryland.

Today, products from all over the United States travel through Maryland to foreign lands: heavy industrial products from the Midwest, machinery and agricultural products from the South, and high technology equipment from the West. And, while Maryland has always helped to funnel products from other states overseas, it has neglected to promote exports of its own goods and services and other aspects of international trade.

Maryland ranks among the lowest of all states in proportion of its products and services exported. Currently, Maryland exports about five (5) percent of its Gross State Product, whereas, the national average is about eight (8) percent. Additionally, Maryland ranks 45th among the states in average per capita export value.

This is not good enough. Maryland has the potential to be a leader, and its public and private sectors should seize that initiative. Together they can meet the challenge of making Maryland a focal point of international trade and commerce.

The Department of Economic and Community Development (DECD) is charged with increasing employment opportunity and promoting economic development in Maryland. This is realized through support to existing firms in the state and attraction of new firms to the state. A major gap now existing in DECD's economic development programs, which is addressed in this proposed international trade program, is the development of international markets for Maryland products and other means to enhance Maryland business participation in international commerce. While DECD has operated successful reverse investment programs in Europe and Japan, and achieved some recent break throughs in exports, no comprehensive trade program now exists.

The Maryland Department of Transportation (MDOT) is charged with providing transportation facilities and services commensurate with need and available resources. Transportation should support state economic development objectives. For the Maryland Port Administration (MPA) and the State Aviation Administration (SAA) this translates into developing, operating, maintaining and promoting high quality port and aviation facilities and services to the broadest possible market area. Moving goods enhances Maryland's ability to promote itself throughout the world. Thus a strong internationally competitive port and airport are prime resources to the Department of Economic and Community Development (DECD) and the Department of Agriculture as they work toward expanding and improving Maryland's trade.

The Port and the BWI Airport exert strong influence on the state's ability to market Maryland products. Therefore, the most important contribution that MDOT can make to Maryland's export trade development is by improving its competitive position through improved facilities and services. Secondly, MDOT can assist in export trade development by enhancing the coordinative and promotional activities which already exist.

The Maryland Department of Agriculture (MDA) is charged with promoting all facets of the agricultural economy in Maryland. Sales of Maryland agricultural products to foreign buyers occur on a regular basis. Goods sold to other countries include tobacco, livestock, plant material, processed fruits and vegetables, dairy products, fresh fruit and vegetables, breeding animals, lumber and more. The value of these products totaled \$167 million in 1983 - already a significant factor in the Maryland agricultural marketplace.

Despite this performance, MDA has never had sufficient resources to conduct an extensive export marketing program. MDA plans to strengthen its current export programs by expanding current activities and adding new ones to stimulate the continued growth of agricultural sales abroad. Existing efforts place too much reliance on Federal and private agencies for many of its functions. It is MDA's goal to become more self-reliant to better serve the Maryland agricultural community and more fully take advantage of the opportunities that exist in the world marketplace. The unique character of the agriculture and food industry in Maryland dictates that considerable energy and resources be devoted to this end.

The following pages describe a comprehensive effort to boost Maryland's position in the international marketplace. A wide range of activities are covered including capital infrastructure, enhanced marketing efforts, financing and coordinating mechanisms.

The centerpiece of this international trade effort is the creation of an Office of International Trade in DECD. Adding to this new office will be the expansion of existing programs in MDA and the Maryland Industrial Development Financing Authority (MIDFA). Supporting this new DECD office and the expansion of MDA and MIDFA will be the strengthening of MDOT programs at BWI and the Port of Baltimore. Finally, new coordinating mechanisms will serve to provide greater cooperation among state agencies and a direct linkage to the private sector and local government.

Clearly, Maryland has the resources and the potential. If Maryland is going to successfully compete in the international trade arena, state government must provide strong and effective leadership. Working closely with local government and the private sector, state government must create a climate and a direction to expand Maryland's role in international trade.

PART I: COORDINATING MECHANISMS

State Trade Policy Council

PURPOSE

The purpose of this initiative is to establish by law a permanent broad-based council to provide advice to the Governor and the General Assembly on the state's role in international trade. It would also provide a highly visible sign as to the availability of both private and public sector services.

EXPLANATION

There are a number of actors, both public and private, already included in international trade. The Council would serve as an umbrella organization to provide coordination and sharing of information among the public and private actors.

The Council would be chaired by the Lieutenant Governor. The Maryland Departments of Transportation, Agriculture and Economic and Community Development, the U.S. Department of Commerce (Baltimore Office), state legislators and appropriate local governments would be the public sector representatives. Private sector representation would come from trade-related industries (forwarders and shippers), trade groups and the general business community. The Council would provide a vehicle for private sector input into state trade policy and a mechanism to coordinate private and public sector trade efforts.

The Council would also sponsor an annual conference to discuss issues and exchange information on international trade. More importantly, this conference would provide a highly visible sign of Maryland's commitment to international trade. While various annual meetings and conferences are held on many issues and topics relating to international trade, it is anticipated that the Council's annual conference will be the preeminent forum in Maryland for discussion of international trade.

Attendance would be very broad to include the federal government, state government, local government and the private sector. The private sector attendance would involve the Port and maritime community, agriculture, exporters, development and export organizations and general business organizations.

DECD-MDOT-MDA Coordinating Group

PURPOSE

The purpose of this initiative is to establish by Executive Order a mechanism to identify areas for the coordinated delivery of services provided by state government to development efforts. This coordinating group would address all areas of economic development with special emphasis directed at coordinating overseas operations and marketing efforts.

EXPLANATION

Although export and trade development will comprise a significant new area of activity for DECD, it is recognized that DECD's activities continue to require the cooperation and assistance of the various model administrations at MDOT. MDOT administrations will play increasingly important roles as DECD embarks on a major program of exports and international trade.

Likewise, MDOT services are important to MDA's development and marketing functions. MDA's involvement with USDA's Office of Transportation in matters of rural roads, bridges and railways makes it an integral part of this coordinated effort. Movement of raw agricultural products and processed foods is a concern in this export initiative.

In addition to the above, the Coordinating Group will:

- o Coordinate the marketing efforts of the respective agencies to provide more leverage and efficiency. As an example, MDOT, DECD and MDA marketing and promotional efforts would be coordinated at international trade shows and expositions. Other activities could include state trade directories, promotional literature and media advertising, trade missions, seminars and training sessions for Maryland exporters and assistance with financing.
- o Coordinate the operations at overseas offices to facilitate the sharing of "development leads." (A long range goal will be the physical consolidation of overseas agency offices into MARYLAND OFFICES.)
- o Coordinate MPA assistance to DECD in identifying Maryland products for export trade potential and provide for greater sharing of trade data.
- o Coordinate delivery of technical assistance to firms seeking to enter or expand in the export area.

PART II - OFFICE OF INTERNATIONAL TRADE

PURPOSE

The purpose of this initiative is to create by legislation an Office of International Trade in DECD. This office will provide a comprehensive program of international trade and commerce to increase Maryland's exports and enhance its overall position in international trade. The goals of this office are the following:

- o Create jobs as a result of trade promotion.
- o Support Maryland firms who are or who wish to enter the field of international trade and marketing.
- o Assist presently exporting firms in Maryland to expand contacts and sales.
- o Provide specific expertise to firms in Maryland on the intricacies and fundamentals of barter arrangements and counter trade programs.
- o Assist small and medium sized Maryland businesses that are interested in participating in joint venture arrangements with foreign entities.
- o Assist regional entities to promote international trade for their respective areas.

EXPLANATION

The Office of International Trade (OIT) will be subdivided into variant areas dealing with the various aspects of international trade. These are exports, barter and counter trade, joint ventures, overseas operations and regional marketing efforts.

1. Export Operation

The export operation will be organized to provide export assistance and services to a broad range of firms from those considering exporting to those actually exporting.

a) Export Decision Process:

OIT staff will be available to provide basic counseling on the export process and a company's capability to export. This effort is primarily addressed to small and medium sized companies which cannot afford professional export management expertise. Likewise, this basic counseling is not sufficiently provided by any other governmental agency.

b) Market Research and Selection Process

This OIT effort involves the systematic gathering, analyzing and interpreting data on markets as well as the marketing of particular products. Initially, research would be used to identify all potential markets and in successive stages, eliminate the less suitable to arrive at a short list of priority markets and areas to do business. Typical macro-economic information will deal with political stability, population data and movements in the economy. Typical micro-economic information will deal with import regulations and restrictions, local exports in volume and value, local consumption, sales promotion, methods and techniques. It will also consider restraints such as technical, financial or legal.

For the great majority of companies, it is essential to select a small number of attractive markets and concentrate resources on these areas. Five major subjects are assessed in this process: political stability, profitability, competition, market entry and strategic value.

The major problem in the market research and selection process is not the quantity of available information but its quality and specific feature. Enormous amounts of information and data are generated by Federal agencies, universities and quasi-public agencies. To be useful, this information must be tailored to the potential exporter's specific needs. The OIT will act as an "information filter" by providing would be exporters with specific and accurate market data, so a business decision to enter the export field can properly be made. In certain cases, OIT will actually do small market studies for these firms with insufficient financial or staff resources. In most instances, however, OIT will involve directing companies to the available data and providing assistance in how to use the data.

c) Market Entry Process

A company evaluating market entry must focus on the product, understanding the market and how to penetrate the market. OIT will assist this effort through a broad range of activities. These will include:

- o Supplying short lists of pre-screened and solvent foreign intermediaries.
- o Planning and organizing proper trade missions including the utilization of trade fairs and exhibitions.
- o Assisting with the complexities of export documentation.

- o Evaluating export projects and aiding with financial guarantees to secure their fiscal viability (i.e., MIDFA - see Part III for further explanation).
- o Providing information on product movement, regulations, controls and legislation.

d) Export Action Process

At this level of the export process, OIT will assist Maryland exporters by:

- o Channeling trade leads and business proposals to potential Maryland exporters.
- o Publishing a Maryland International Trade Directory.
- o Publishing a multi-lingual newsletter informing potential foreign importers of proposals of Maryland exporters.
- o Initiating and organizing trade missions to and from foreign countries. It is anticipated that OIT will target four trade missions per year in cooperation with the private sector.
- o Assisting regional participation in international trade development through a matching grant program.

2. Barter/Counter Trade

OIT will have staff expertise to encourage and assist qualified Maryland companies to participate in barter transactions.

Barter transaction is one of the most sophisticated components of international trade arrangements. It is ideal in the areas where the high dollar in relation to foreign currencies acts as an impediment to exports. It is also a popular vehicle for third world countries lacking hard currency. It is the ultimate in technical trade transaction, but when properly utilized can be an enormously successful trade vehicle.

The provision of this expertise in OIT will add a dimension to Maryland's efforts not found in other states.

3. Joint Venture

Unlike large companies which have in house expertise or the resources to procure such information, small and medium sized companies do not have the ability or dimension to seek participation in joint ventures with foreign companies. OIT will have the staff expertise to serve

as a conduit to facilitate participation by Maryland small and medium sized companies in this area of international trade. This assistance will involve, based upon information secured from DECD's foreign offices, the actual bringing together of the Maryland firm with its counterpart overseas. OIT will provide technical assistance in the appropriate laws, regulations and mechanics involved in joint ventures.

Joint ventures are an important vehicle for introducing small and medium sized companies to international trade. The provision of this assistance, like barter, will provide a unique aspect to Maryland's program. The comprehensive nature of this international trade program will provide practical and functional benefit to Maryland firms.

4. Sister-State Relationships

Maryland presently has sister-state relationships with Kanagawa Prefecture in Japan, Anhui Province in the People's Republic of China, Region Nord-Pas-de-Calais in France and Rio de Janeiro in Brazil. These relationships can often play a critical and pivotal role in developing commercial relationships. They offer entry to foreign markets by allowing an interchange of governmental and cultural forces which lead to a basis of understanding that can form the entree for ultimate access to trade, i.e. People's Republic of China.

In addition to maintaining and enhancing these existing relationships, the development of future arrangements which can lead to productive commercial relationships will be pursued.

5. Regional Promotion and Tourism

Building on DECD's successful Certified Counties Program through the use of matching grants for domestic marketing, OIT will provide matching grants to facilitate and encourage regional entities (two or more counties) to develop international trade programs and expertise. Regional coordination has been a long sought-after objective in state planning and development efforts. The program of international trade provides an excellent beginning to accomplish this end.

As an adjunct to the OIT effort, Maryland should also market one of its most valuable commodities and that is its location adjacent to the nation's capital - Washington D.C. Washington is the one city that everyone throughout the world knows of its existence and location. Maryland should market its proximity to this center of international recognition and tourism in order to be the supplemental beneficiary of the vast traffic that this particular area generates.

6. Overseas Offices

Supporting the full range of OIT's assistance and efforts will be the operation of overseas offices. DECD's present overseas offices in Brussels and Tokyo will be expanded to encompass the broadest range of an international trade program. The offices are presently staffed only to perform reverse investment efforts.

Appropriate study will be made toward the feasibility of opening additional trade offices. Also, mergers will be effectuated with existing MDOT offices (MPA) so as to create a MARYLAND OFFICE so as to present a unified and properly structured system of operation both internally as well as externally.

The overseas office will complement the assistance efforts performed from the Maryland office. It is anticipated that the overseas office will do the following:

- o Assist in the exchange of trade and commerce information between Maryland companies and foreign buyers.
- o Organize and be the proper conduit in personal meetings between the Maryland exporter and foreign importer.
- o Assist in expediting the necessary legal and regulatory work to complete contracts.
- o Work with the Annapolis office to organize missions and attendance at trade fairs.
- o Channel trade leads to appropriate Maryland exporters.

PART III: EXPANSION OF EXISTING PROGRAMS

Export Financing

PURPOSE

The purpose of this initiative is to provide greater access for Maryland companies to export financing through augmenting the Maryland Industrial Development Financing Authority (MIDFA) to provide export financing and act as a broker and facilitator to encourage greater utilization of Federal programs (SBA and EXIM Bank) and banking resources. The Export-Import (EXIM) Bank of the United States is a federally funded agency charged with facilitating and financing U.S. exports.

EXPLANATION

Many states have enacted export financing programs but few have actually been implemented. The guiding principle for the state's financing effort will be to provide financing in coordination and conjunction with the Federal and private sectors. In addition, the state will only participate in export financing to the extent of reasonable risk and the extent of its staff expertise and capability.

The MIDFA Authorized Purpose Fund (conventional fund), or a sub-account of the Authorized Purpose Fund, will be used to guarantee working capital pre-shipment export financing (loans). This program will be closely coordinated and work in conjunction with the commercial banks and the following Federal pre-shipment financing programs:

- o U.S. Small Business Administration (SBA) Export Revolving Line of Credit Program.
- o Joint SBA/EXIM Bank Pre-Shipment Program.
- o EXIM Bank Working Capital Loan Guarantee Program.

MIDFA will also apply to be designated as an EXIM Bank Export Credit Insurance Umbrella Policy Administrator. This EXIM Bank program, offered through its agent, the Foreign Credit Insurance Association (FCIA), makes it easier for companies with little or no exporting experience to get credit risk protection for their export credit sales. The umbrella policy will enable MIDFA to become administrator of short-term credit EXIM risk insurance covering the export sales of numerous exporters. MIDFA's role does not involve underwriting or financial responsibility. It serves as the facilitator and "paper mover" to expedite the coverage for Maryland firms. This effort, directed at post shipment credit and financing, will enable new Maryland exporters greater access to foreign credit risk protection and lessen their paper work burdens. This EXIM insurance covers 90 percent of commercial risk

and 100 percent of political risk. It also should facilitate commercial lending for post-shipment financing. MIDFA's only financial obligation, if it should exercise it, would be to cover the remaining 10 percent commercial risk not covered by EXIM. This program can also be operated in conjunction with interested private insurance companies.

Finally, both OIT and MIDFA staff will have the capability to advise exporting firms on the requirements and procedures regarding Federal programs and major private lenders in Maryland.

EXPLANATION

MIDFA seeks to play a more aggressive role in promoting the exports of Maryland agricultural products. MIDFA focuses its efforts on the areas related to the availability of technical information necessary for market entry assistance. Equally as important is the development of innovative product promotional techniques and supplementary support services designed to enhance the market position of Maryland producers and processors.

1. Market Development Program

- a. Increase U.S. trade participation, i.e., USDA-Southern, IFA-Texas, MIDFA-S.E., etc.-London, etc.-S.E.
- b. Develop and design sales plans to foreign markets and seek foreign trade opportunities for Maryland.
- c. Develop a financial assistance program for new exporters and assistance to and in trade show participation, exhibiting and early market development.
- d. Organize an association of Maryland food and agricultural exporters for the purpose of sharing expertise and learning more about export procedures.
- e. Increase the participation of MIDFA and Maryland exporters with the Agriculture Information and Marketing Services (AIMS) of USDA, the Southern U.S. Trade Association (SUTA) and the National Association of State Departments of Agriculture (NASDA).
- f. Increase participation in domestic workshops and seminars on exporting.
- g. Conduct market studies of specific countries or regions to determine opportunities of Maryland food and agricultural products.
- h. Assist with domestic marketing activities that increase Maryland's interest in and ability to export.

MDA - Market Development and Product Promotion

PURPOSE

The purpose of this initiative is to strengthen the competitive position of Maryland agri-businesses in the world market through development of new markets, servicing existing ones and promotion of Maryland food and agricultural products.

EXPLANATION

MDA seeks to play a more aggressive role in promoting the exports of Maryland agricultural products. MDA proposes to greatly expand its services related to the assimilation of technical information necessary for market entry assistance. Equally as important is the development of innovative product promotional techniques and supplementary support services designed to enhance the market position of Maryland producers and processors.

1. Market Development Programs

- o Increase trade show participation, i.e. ANUGA-Germany, SIAL-France, NASDA-U.S., IFE-London, IFE-U.S.
- o Organize and manage sales teams to foreign markets and host foreign trade delegations to Maryland.
- o Develop a financial assistance program for new-to-export food companies to aid in trade show participation, advertising and early market development.
- o Organize an association of Maryland food and agricultural exporters for the purpose of sharing expertise and learning more about sales abroad.
- o Increase the participation of MDA and Maryland exporters with the Agriculture Information and Marketing Services (AIMS) of USDA, the Southern U.S. Trade Association (SUSTA) and the National Association of State Departments of Agriculture (NASDA).
- o Increase participation in domestic workshops and seminars on exporting.
- o Conduct market studies of specific countries or regions to determine acceptance of Maryland food and agricultural products.
- o Assist with domestic marketing activities that increase a company's interest in and ability to export.

2. Promotion & Support Programs

- o Conduct specialized export promotions for Maryland products which are of a unique nature or are suffering market difficulties, i.e. tobacco, virus free plant stock and identity preserved products such as food grade soybeans.
- o Publish an agricultural export trade directory for Maryland on a regular basis.
- o Publish a newsletter for Maryland food and agriculture exporters highlighting export trends, opportunities, events, legislation, trade leads, etc.
- o Advertise Maryland food and agricultural products in appropriate foreign media to develop product awareness and brand loyalty.
- o Develop multi-lingual promotional materials.
- o Construct a Maryland agricultural export trade exhibit for use at international food shows.
- o Produce film and/or slide series promoting Maryland agricultural exports.

MDA - Automation of Resource and Information Systems

PURPOSE

The purpose of this initiative is to provide for the automation of resource and information systems within the MDA export program. This will allow MDA to collect and disseminate current data in the areas of trade lead referral, information storage and analysis, international marketing trends and general communication.

EXPLANATION

MDA and the organization it replaced, the State Board of Agriculture, have been assisting Maryland firms with exporting since the mid 1960's. At that time, computers and the far-reaching services they provide did not have as profound an effect on the day-to-day functioning of marketing services. Trade leads for agricultural products generated at our embassies around the world, that once took two to three weeks to get to potential users, now take less than 24 hours with same-day response in many cases.

MDA will assist Maryland suppliers of agricultural products to be competitive with their counterparts in other states. This can best be accomplished by enhancing MDA's ability to take advantage of the services and programs available in the marketplace.

It is proposed that MDA will enhance its data retrieval and processing equipment for trade lead referral, data storage, and market analysis. It is imperative that this equipment be compatible with that being used by USDA Agriculture Marketing Service (AMS) and Foreign Agriculture Service (FAS).

PART IV: STRENGTHENING OF SUPPORT FACILITIES AND COOPERATIONS

MDOT/SAA - BWI

PURPOSE

The purpose of this initiative is to significantly expand the role of the Baltimore/Washington International Airport (BWI) as the dominant Middle Atlantic international gateway airport for both passengers and air freight. Implementation of this initiative focuses on expanding the level of international air service at BWI - especially from key cities in Europe, and eventually from the Far East.

Specifically, the initiative calls for two specific activities:

- o An expanded role for existing State of Maryland representatives in "selling" BWI to international commercial/corporate interests and foreign governments, and
- o The addition of a State of Maryland representative who will specialize in "selling" BWI to foreign flag carriers, as well as the shipping and travel industries of Europe. This representative will also provide the necessary liaison and coordination with other state representatives in Europe.

EXPLANATION

The majority of air freight is shipped in the load compartments of passenger airplanes. Therefore, it is important to increase the number of international passenger flights using BWI to provide more opportunities for shipment of cargos to and from Maryland.

To expand international service at BWI, a direct marketing approach, focused on air carriers and air carrier representatives, is required on both sides of the Atlantic. This focused effort will include contact with foreign governments in Europe, planning officials and administrators of foreign flag carriers, shippers and travel agents.

MDOT/SAA is in a position to cultivate and maintain key commercial and governmental contacts in the U.S., but lacks similar resources for a sustained ongoing overseas program.

Major foreign and U.S. international carriers would be targets for expanded service at BWI.

MDOT/MPA - Port Infrastructure

PURPOSE

Port capital projects underway will greatly enhance capacity to receive, store and move goods through the Port. This initiative will accelerate the completion of the Seagirt Marine Terminal by more than two years to provide additional capacity. This, in combination with improvements at South Locust Point and Dundalk Marine terminals, will attract additional steamship lines and shippers to the Port. This will allow the Port to enhance its competitive position in both domestic and international trade. Specific improvements include:

- o The Seagirt Marine Terminal will be developed at a cost of \$163 million, starting in the fall of 1984 and to be completed by the end of 1989.

When completed, this 114 acre terminal will have three 1,000-foot berths, and six container bridge cranes. Construction includes site stabilization, bulkhead completion, paving, utilities and lighting, freight sheds, maintenance and service buildings, entrance and railroad facilities, and access channel dredging.

The construction of all three berths will increase container capacity at the Port of Baltimore by 40 percent and thereby enhance the Port's competitive position.

MDOT/MPA is also studying the addition of two berths, by consolidating soft earth material on the east side of the Seagirt property.

- o South Locust Point improvements will cost \$4.8 million and are scheduled to start in 1985 with completion by 1987.

Improvements to the storage area will be expanded by demolition of an existing shed, and construction of lighting, utilities and paving on the site.

The expansion will add 14 acres to the existing 38 acres at the terminal. This construction will permit growth of container storage to exceed the current capacity of 700,000 tons of cargo annually.

- o Dundalk Marine Terminal improvements will cost \$20.5 million and are scheduled to start in July 1984 and be completed by July 1986.

This continued upgrading and maintenance is to ensure that the Dundalk facility remains competitive as the second largest container terminal on the East Coast. A number of projects include:

- o modifications to Gateway Plaza roadway,

- o raising the height of four container cranes to accommodate the modern vessels,
- o replacing fender systems, shed roofs and concrete aprons,
- o rehabilitation and improvement to paving, lighting, and utilities, and
- o widening/deepening access channels.

EXPLANATION

Over the past five years, containerization has grown by 20 percent. Today, 71 percent of all general cargo (3.4 million tons) handled by the Port of Baltimore is containerized. This reflects the national trend where containerized cargo now comprises 68 percent of all general cargo.

At this time, the marine terminal facilities serving the Port of Baltimore are near capacity. A deficiency in terminal space will hinder Baltimore's short and long term ability to compete with other Atlantic coast ports for cargo.

- o Developing a long-range plan for the port's future development to include the port and its hinterland in the north, south, and west.
- o Developing and increasing additional promotional activities for overseas distribution, and
- o Expanding the availability of services to trade offices in South America.

EXPLANATION

Baltimore offers many advantages for cargo, the Port of Baltimore and its hinterland.

- o Proximity to the Atlantic Ocean and the Chesapeake Bay.
- o Steamship service to all parts of the world.
- o Well equipped and modern facilities maintained with care on the East Coast.
- o Development of a long-range plan for the port's future development.

However, today competition is increasing with the development of ports in the South Atlantic (Savannah, Charleston, Jacksonville). South Baltimore has a good infrastructure and other attributes necessary for port development. It is important to be able to market and provide the port to the fullest extent possible. Developing new markets both through increased marketing and establishment of foreign offices where there are substantial markets is a must. This development will increase the use of the Port of Baltimore and increase cargo in Maryland. In addition, strengthening existing markets through additional promotional activities is an essential part of port development.

MDOT/MPA Promotion and Marketing

PURPOSE

This initiative augments existing sales and promotional activities to enhance the competitive position of the Port of Baltimore with respect to other Atlantic Coast ports. Increased use of the port occurs through attracting additional steamship lines, shippers and expanding overseas offices.

Special areas of emphasis are:

- o Making use of Maryland events and attractions to enhance promotion of the Port. The voyage of the Pride of Baltimore to the Mediterranean in 1985/86 will be used as a special marketing tool;
- o Developing a state-of-the-art multimedia presentation to promote the port and to be housed in the World Trade Center;
- o Developing and increasing additional promotional literature for overseas distribution, and
- o Studying the advisability of opening a trade office in South America.

EXPLANATION

Baltimore offers many advantages for use of the Port by shippers and steamship lines including:

- o Proximity to the midwest consumption and production market.
- o Steamship service to all ports of the world.
- o Well equipped and modern facilities competitive with any on the East Coast.
- o Commitment to an ambitious capital program for additional port facilities.

However, today competition is increasing with the development of ports in the South Atlantic (Savannah, Charleston, Jacksonville). Since Baltimore has a good infrastructure and other attributes necessary for maritime commerce, it is important to be able to market and promote the port to the fullest extent possible. Developing new markets both through increased marketing and establishment of foreign offices where trade potential warrants this investment, will increase the use of the Port of Baltimore and enhance trade in Maryland. In addition, strengthening existing markets through additional promotional activities is an essential part of port trade development.

This increased promotion of the Port, along with increased trade promotion of DECD and MDA, should enhance recognition of the Port in the world-wide maritime community.

The success of this system is of course, dependent upon the availability of funds to develop and maintain the system and the availability of personnel to operate the system.

The system will interface with the U.S. Customs computer system to automatically process a ship's manifest and cargo manifest. In addition, the system will maintain and store data on ship arrivals and departures and will provide for the collection and storage of data. The system will have the capability to transfer data information to the port's computer system for processing and port's computer system.

DECD will have the responsibility for planning, developing, and implementing the system. The system will interface with the U.S. Customs computer system.

EXPLANATION

During this period, there are currently no plans for developing a system which will interface with the U.S. Customs computer system. A computer system that will interface with the U.S. Customs computer system and will interface with the U.S. Customs computer system.

Development and implementation of the system will require a system which is a direct outgrowth of the system. The system will require a system which is a direct outgrowth of the system. The system will require a system which is a direct outgrowth of the system.

The Committee will continue to play an active role in the planning, development and operation of the system. A preliminary work program has been prepared which will be for an operational review in the near future.

When implemented, this system, combined with existing and planned data programs, will shorten time for cargo clearance, reduce handling of documents and increase speed in processing cargo through terminals, thereby enhancing the productivity of the Port.

Once operational, the system will be available for application to other port information gathering and distribution activities. It can be the basis of a total Port computerization system.

MDOT/MPA - Port Cargo Release System

PURPOSE

The purpose of this project is to install a computer system at the Maryland Port Administration which will speed and increase efficiency of cargo clearance through the Port of Baltimore.

The system will interface with the U.S. Customs computer system to electronically transmit information necessary for cargo release. In addition, the system will capture and store pertinent data on maritime cargoes and flows for port operations and planning. The system will have the capability to transmit this information to the port community thereby increasing the port's competitive position.

MDOT will have the direct responsibility for planning, designing, developing and implementing the automated cargo release system which will interface with the U.S. Customs Automated Commercial System (ACS).

EXPLANATION

Among U.S. ports, there are presently only a few including Savannah and Charleston which have in place, under their Port Authorities' control, a computer system that electronically exchanges cargo and operational information among all the working elements of the port.

Development and implementation of the proposed cargo release system is a direct outcome of the research, analysis and recommendations of an MPA-coordinated Port Computer Committee. This committee, composed of leading representatives of the Baltimore maritime community, has been investigating the feasibility and applicability of alternative cargo release systems for Baltimore.

The Committee will continue to play an advisory role in the planning, development and operation of the system. A preliminary work program has been prepared which calls for an operational system in the near future.

When implemented, this system, combined with existing and planned data programs, will shorten time for cargo clearance, reduce handling of documents and increase speed in processing trucks through terminals, thereby enhancing the marketability of the Port.

Once operational, the system will be evaluated for applicability to other port information gathering and retrieval activities. It can be the base of a total Port computerized operation.

MDOT/MPA - Terminal Operations Study

PURPOSE

An indepth analysis is proposed of terminal operations and management structures at competing ports. In addition, it is proposed that alternative operation scenarios for MPA-owned terminal facilities be developed and analyzed. Study findings will be evaluated to determine if major changes in terminal operations would be feasible, cost-effective and/or improve the Port's competitive position.

EXPLANATION

The intensification of competition between ports to attract steamship line services has resulted in new marketing approaches by public port agencies. Vigorous competition and aggressive marketing pose potential problems in the form of cargo diversion or loss of steamship service at the Port of Baltimore.

The MPA is responding through its volume incentive program introduced for the first time in the tariff publication October 1983 and expanded in the tariff published October 1984.

Other ports, principally those in the South Atlantic, have approached steamship lines on the basis of operational agreements designed to offer guarantees and/or lower cost incentive. However, it has been learned that some of the competitive ports are moving toward an operation similar to that of the MPA owned Dundalk Marine Terminal. These ports lease directly to steamship lines and permit the larger steamship lines to do their own inspection, receiving and delivering.

Accordingly, a thorough analysis of current operations and trends is necessary before considering any major organizational or operational change in the Port.